

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 26, 2010
POSITION: Oppose

BILL NUMBER: SB 1130
AUTHOR: S. Aanestad

BILL SUMMARY: Corrections: Prison Industry Authority

This bill would authorize the California Department of Corrections and Rehabilitation (CDCR) to enter into contracts with private entities or other public agencies for locally produced perishable goods provided at a lower price than the price available from the California Prison Industry Authority (CALPIA).

FISCAL SUMMARY

According to the CDCR and the CALPIA, this measure could result in additional General Fund costs due to the loss of effective vocational training and increased recidivism for inmates. The CALPIA estimates that the Prison Industry Revolving Fund would be reduced by approximately \$3.3 million dollars as a result of lost business to local perishable goods enterprises. In addition, CALPIA indicates that this measure would have an impact of approximately \$3.1 million to the State General Fund as a direct result of increased costs to the CDCR for alternative inmate training, housing, and ancillary costs.

The Department of Finance notes that this measure merely authorizes the CDCR to enter into contracts with local entities that have perishable goods businesses similar to those operated by the CALPIA. As such, this measure would only impact the CALPIA and the CDCR if the CDCR exercises this authority.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 5, 2010 version include the following significant amendments which do not change our position:

- Removes the requirement that prohibits a state agency from purchasing any product from the CALPIA unless the total cost to the state agency for the transaction is equal to or less than the total cost of making that same transaction with a private entity or another public agency.
- Allows the CDCR to enter into contracts with private entities or other public agencies for locally produced perishable goods, as specified.

COMMENTS

The Department of Finance is opposed to this measure because it would set a precedent by allowing a state department to purchase goods and services from local entities instead of the CALPIA. This precedent setting action could result in requests from other state departments for the same authority, which could significantly impact CALPIA's operation, putting into question their long-term sustainability and viability, while also driving up state General Fund costs.

Existing law:

- Authorizes the CALPIA to operate industrial, agricultural, and service enterprises that provide products and services to the state or other specified agencies.
- Requires state agencies to purchase CALPIA products, make maximum utilization of these products, and consult with the staff of the CALPIA to develop new products and adapt existing products to meet their needs.

Analyst/Principal (0234)	Date	Assistant Program Budget Manager	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

S. Aanestad

May 26, 2010

SB 1130

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code
5420/Prison Indus	SO	No	-----	See Fiscal Summary				-----	0678
1600/Misc Rev Tot	RV	No	-----	See Fiscal Summary				-----	0678
5225/Corr & Rehab	SO	No	-----	See Fiscal Summary				-----	0001

Fund CodeTitle

0001

General Fund

0678

Prison Industries Revolving Fund